

ANNUAL STATEMENT

OF THE

of _____

in the state of _____

TO THE

Insurance Department

OF THE

STATE OF

**FOR THE YEAR ENDED
December 31, 2005**

PROPERTY AND CASUALTY

2005



24017200520100100

ANNUAL STATEMENT

For the Year Ended December 31, 2005
OF THE CONDITION AND AFFAIRS OF THE

The Beacon Mutual Insurance Company

NAIC Group Code	3490	3490	NAIC Company Code	24017	Employer's ID Number	05-0458697
	(Current Period)	(Prior Period)				
Organized under the Laws of	Rhode Island		State of Domicile or Port of Entry			Rhode Island
Country of Domicile	US					
Incorporated/Organized:	July 11, 1990		Commenced Business:			August 12, 1992
Statutory Home Office:	One Beacon Centre	Warwick, RI	02886-1378			
Main Administrative Office:	One Beacon Centre	Warwick, RI	02886-1378	401-825-2667		
Mail Address:	One Beacon Centre	Warwick, RI	02886-1378			
Primary Location of Books and Records:	One Beacon Centre	Warwick, RI	02886-1378	401-825-2667		
Internet Website Address:	www.beaconmutual.com					
Statutory Statement Contact:	Ann Lazzareschi			401-825-2621		
	alazzareschi@beaconmutual.com			401-825-2659		
	(E-Mail Address)			(Fax Number)		
Policyowner Relations Contact:	David R. Clark One Beacon Centre		Warwick, RI	02886-1378	401-825-2785	

OFFICERS

	Name	Title
1.	Joseph Arthur Solomon	President & CEO
2.	Clifford Leo Parent, Jr.	Assistant Secretary
3.	Cynthia Lee Lawlor	Chief Financial Officer

Vice-Presidents

Name	Title	Name	Title
Jeffrey Carleton Johnson	Vice President	Clifford Leo Parent, Jr.	Vice President
Paul William Redman	Vice President	Michael Dennis Lynch	Vice President
David Randolph Clark	Vice President		

DIRECTORS OR TRUSTEES

Edward Joseph Braks	Carl Irving Hayes, Jr.	George Henry Nee	John Albert Holmes, Jr.
Sheldon Sumner Sollosy	Henry NMI Boeniger	Joseph Arthur Solomon	Adelita Sophia Orefice

State of RI
County of Kent ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Joseph Arthur Solomon	Clifford Leo Parent, Jr.	Cynthia Lee Lawlor
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President (President & CEO)	Secretary (Assistant Secretary)	Treasurer (Chief Financial Officer)
(Title)	(Title)	(Title)

Subscribed and sworn to before me this
day of , 2006

- a. Is this an original filing? YES [X] NO []
- b. If no:
- 1. State the amendment number
 - 2. Date filed
 - 3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	347,790,825		347,790,825	347,904,240
2. Stocks (Schedule D):				
2.1 Preferred stocks	21,151,961		21,151,961	19,048,946
2.2 Common stocks	37,470,771		37,470,771	34,418,375
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)	14,815,632		14,815,632	14,771,168
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ (3,672,066) , Schedule E-Part 1), cash equivalents (\$ 6,007,914 Schedule E-Part 2) and short-term investments (\$ 27,368,960 , Schedule DA)	29,704,808		29,704,808	9,051,988
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)	254,570		254,570	228,137
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	451,188,567		451,188,567	425,422,854
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	5,103,628		5,103,628	4,982,390
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	6,066,591	2,205,627	3,860,964	6,231,231
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 8,100,000 earned but unbilled premiums)	47,377,803	869,034	46,508,769	38,733,477
13.3 Accrued retrospective premiums	709,327	70,933	638,394	1,067,152
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	352,617		352,617	115,514
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset				
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software	3,043,536	2,664,777	378,759	415,949
19. Furniture and equipment, including health care delivery assets (\$ 0)	286,877	286,877		
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	2,539,768		2,539,768	1,564,020
22. Health care (\$ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	3,308,170	2,197,899	1,110,271	1,176,534
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	519,976,884	8,295,147	511,681,737	479,709,121
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	519,976,884	8,295,147	511,681,737	479,709,121

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)				
2301. Prepaid Expenses	1,244,594	1,244,594		
2302. Rabbi Trust Account	1,110,271		1,110,271	1,175,770
2303. Miscellaneous Receivables	953,305	953,305		764
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	3,308,170	2,197,899	1,110,271	1,176,534

LIABILITIES, SURPLUS AND OTHER FUNDS			1	2
			Current Year	Prior Year
1.	Losses (Part 2A, Line 34, Column 8)		201,094,852	229,129,935
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		622,904	400,750
3.	Loss adjustment expenses (Part 2A, Line 34, Column 9)		45,998,391	44,874,722
4.	Commissions payable, contingent commissions and other similar charges		8,260,625	7,177,694
5.	Other expenses (excluding taxes, licenses and fees)		4,032,561	4,143,405
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)		10,662,966	9,946,009
7.1	Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))			
7.2	Net deferred tax liability			
8.	Borrowed money \$ 0 and interest thereon \$ 0			
9.	Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 0 and including warranty reserves of \$ 0)		68,810,161	63,935,916
10.	Advance premium		3,246,049	3,481,400
11.	Dividends declared and unpaid:			
11.1	Stockholders			
11.2	Policyholders		20,914,932	476,374
12.	Ceded reinsurance premiums payable (net of ceding commissions)		242,816	82,906
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)			
14.	Amounts withheld or retained by company for account of others		80,208	71,871
15.	Remittances and items not allocated		55,660	185,241
16.	Provision for reinsurance (Schedule F, Part 7)			
17.	Net adjustments in assets and liabilities due to foreign exchange rates			
18.	Drafts outstanding			
19.	Payable to parent, subsidiaries and affiliates			
20.	Payable for securities			
21.	Liability for amounts held under uninsured accident and health plans			
22.	Capital notes \$ 0 and interest thereon \$ 0			
23.	Aggregate write-ins for liabilities		731,913	418,433
24.	Total liabilities excluding protected cell liabilities (Lines 1 through 23)		364,754,038	364,324,656
25.	Protected cell liabilities			
26.	Total liabilities (Lines 24 and 25)		364,754,038	364,324,656
27.	Aggregate write-ins for special surplus funds			
28.	Common capital stock			
29.	Preferred capital stock			
30.	Aggregate write-ins for other than special surplus funds		20,758,685	20,758,685
31.	Surplus notes			
32.	Gross paid in and contributed surplus			
33.	Unassigned funds (surplus)		126,169,014	94,625,780
34.	Less treasury stock, at cost:			
34.1	0 shares common (value included in Line 28 \$ 0)			
34.2	0 shares preferred (value included in Line 29 \$ 0)			
35.	Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)		146,927,699	115,384,465
36.	TOTALS (Page 2, Line 26, Col. 3)		511,681,737	479,709,121

DETAILS OF WRITE-INS				
2301.	Retroactive Reinsurance Reserve Assumed		660,489	280,606
2302.	Miscellaneous Liabilities (including pledges and misc payables)		71,404	137,800
2303.	Accrued Retrospective Return Premiums		20	27
2398.	Summary of remaining write-ins for Line 23 from overflow page			
2399.	Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)		731,913	418,433
2701.				
2702.				
2703.				
2798.	Summary of remaining write-ins for Line 27 from overflow page			
2799.	Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)			
3001.	Capital assessment by RI Dept of Labor to provide residual market		20,758,685	20,758,685
3002.				
3003.				
3098.	Summary of remaining write-ins for Line 30 from overflow page			
3099.	Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		20,758,685	20,758,685

STATEMENT OF INCOME		
	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)	157,996,433	147,580,201
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	54,194,856	90,994,086
3. Loss expenses incurred (Part 3, Line 25, Column 1)	27,386,074	30,037,178
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	42,131,390	39,373,679
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	123,712,320	160,404,943
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	34,284,113	(12,824,742)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	17,893,633	16,588,924
10. Net realized capital gains (losses) less capital gains tax of \$ 0 (Exhibit of Capital Gains (Losses))	3,318,176	2,924,817
11. Net investment gain (loss) (Lines 9 + 10)	21,211,809	19,513,741
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 87,066 amount charged off \$ 1,734,477)	(1,647,411)	(697,368)
13. Finance and service charges not included in premiums	200,625	199,075
14. Aggregate write-ins for miscellaneous income	(25,732)	173,969
15. Total other income (Lines 12 through 14)	(1,472,518)	(324,324)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	54,023,404	6,364,675
17. Dividends to policyholders	26,503,257	2,224,446
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	27,520,147	4,140,229
19. Federal and foreign income taxes incurred		
20. Net income (Line 18 minus Line 19) (to Line 22)	27,520,147	4,140,229
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	115,384,466	109,986,018
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	27,520,147	4,140,229
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0	886,701	1,151,918
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax		
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	3,136,387	106,301
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	31,543,235	5,398,448
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	146,927,701	115,384,466

DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Lines 0501 through 0503 plus Line 0598) (Line 5 above)		
1401. Interest Income (expense)	449,171	(3,349)
1402. Miscellaneous Income (expense)	(7,409)	177,318
1403. Retroactive Reinsurance Loss	(467,494)	
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus Line 1498) (Line 14 above)	(25,732)	173,969
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus Line 3798) (Line 37 above)		

CASH FLOW		
Cash from Operations		
	1	2
	Current Year	Prior Year
1. Premiums collected net of reinsurance	158,404,354	148,027,275
2. Net investment income	19,199,397	18,204,023
3. Miscellaneous income	(1,472,518)	(324,325)
4. Total (Lines 1 through 3)	176,131,233	165,906,973
5. Benefit and loss related payments	108,509,218	101,209,595
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	40,432,083	40,096,318
8. Dividends paid to policyholders	6,064,700	2,431,805
9. Federal and foreign income taxes paid (recovered) \$ 0 net of tax on capital gains (losses)		
10. Total (Lines 5 through 9)	155,006,001	143,737,718
11. Net cash from operations (Line 4 minus Line 10)	21,125,232	22,169,255
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	113,828,429	144,659,153
12.2 Stocks	29,130,023	19,331,217
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	142,958,452	163,990,370
13. Cost of investments acquired (long-term only):		
13.1 Bonds	113,147,710	166,994,963
13.2 Stocks	31,694,211	18,776,017
13.3 Mortgage loans		
13.4 Real estate	449,267	349,951
13.5 Other invested assets	50,000	80,262
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	145,341,188	186,201,193
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(2,382,736)	(22,210,823)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	1,910,324	(839,586)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	1,910,324	(839,586)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	20,652,820	(881,154)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	9,051,988	9,933,142
19.2 End of year (Line 18 plus Line 19.1)	29,704,808	9,051,988

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001.		
20.0002.		
20.0003.		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1- PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical malpractice - occurrence				
11.2 Medical malpractice - claims-made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation	163,326,743	62,810,736	68,141,047	157,996,432
17.1 Other liability - occurrence				
17.2 Other liability - claims-made				
18.1 Products liability - occurrence				
18.2 Products liability - claims-made				
19.1, 19.2 Private passenger auto liability				
19.3, 19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Reinsurance-Nonproportional Assumed Property				
31. Reinsurance-Nonproportional Assumed Liability				
32. Reinsurance-Nonproportional Assumed Financial Lines				
33. Aggregate write-ins for other lines of business				
34. TOTALS	163,326,743	62,810,736	68,141,047	157,996,432

DETAILS OF WRITE-INS				
3301.				
3302.				
3303.				
3398. Summary of remaining write-ins for Line 33 from overflow page				
3399. Totals (Lines 3301 through 3303 plus 3398) (Line 33 above)				

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

(a) Gross premiums (less reinsurance) and unearned premiums on all unexpired risks and reserve for return premiums under rate credit or retrospective rating plans based upon experience.

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running More Than One Year from Date of Policy) (b)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire					
2. Allied lines					
3. Farmowners multiple peril					
4. Homeowners multiple peril					
5. Commercial multiple peril					
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine					
10. Financial guaranty					
11.1 Medical malpractice - occurrence					
11.2 Medical malpractice - claims-made					
12. Earthquake					
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation	68,809,198			(668,151)	68,141,047
17.1 Other liability - occurrence					
17.2 Other liability - claims-made					
18.1 Products liability - occurrence					
18.2 Products liability - claims-made					
19.1, 19.2 Private passenger auto liability					
19.3, 19.4 Commercial auto liability					
21. Auto physical damage					
22. Aircraft (all perils)					
23. Fidelity					
24. Surety					
26. Burglary and theft					
27. Boiler and machinery					
28. Credit					
29. International					
30. Reinsurance-Nonproportional Assumed Property					
31. Reinsurance-Nonproportional Assumed Liability					
32. Reinsurance-Nonproportional Assumed Financial Lines					
33. Aggregate write-ins for other lines of business					
34. TOTALS	68,809,198			(668,151)	68,141,047
35. Accrued retrospective premiums based on experience					668,151
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through 36)					68,809,198

DETAILS OF WRITE-INS					
3301.					
3302.					
3303.					
3398. Summary of remaining write-ins for Line 33 from overflow page					
3399. Totals (Lines 3301 through 3303 plus 3398) (Line 33 above)					

- (a) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force.
Are they so returned in this statement? Yes [X] No []
- (b) State here basis of computation used in each case Daily pro rata

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Gross Premiums (Less Return Premiums), Including Policy and Membership Fees
Written and Renewed During Year

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	
1. Fire						
2. Allied lines						
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine						
10. Financial guaranty						
11.1 Medical malpractice - occurrence						
11.2 Medical malpractice - claims-made						
12. Earthquake						
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation	166,507,287		7,873,599		11,054,143	163,326,743
17.1 Other liability - occurrence						
17.2 Other liability - claims-made						
18.1 Products liability - occurrence						
18.2 Products liability - claims-made						
19.1, 19.2 Private passenger auto liability						
19.3, 19.4 Commercial auto liability						
21. Auto physical damage						
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft						
27. Boiler and machinery						
28. Credit						
29. International						
30. Reinsurance-Nonproportional Assumed Property	X X X					
31. Reinsurance-Nonproportional Assumed Liability	X X X					
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
33. Aggregate write-ins for other lines of business						
34. TOTALS	166,507,287		7,873,599		11,054,143	163,326,743

DETAILS OF WRITE-INS						
3301.						
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page						
3399. Totals (Lines 3301 through 3303 plus 3398) (Line 33 above)						

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [] No [X]

If yes: 1. The amount of such installment premiums \$ 0

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5	6	7	8
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire								
2. Allied lines								
3. Farmowners multiple peril								
4. Homeowners multiple peril								
5. Commercial multiple peril								
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine								
10. Financial guaranty								
11.1 Medical malpractice - occurrence								
11.2 Medical malpractice - claims - made								
12. Earthquake								
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation	77,778,123	5,136,701	684,885	82,229,939	201,094,852	229,129,935	54,194,856	34.301
17.1 Other liability - occurrence								
17.2 Other liability - claims - made								
18.1 Products liability - occurrence								
18.2 Products liability - claims - made								
19.1, 19.2 Private passenger auto liability								
19.3, 19.4 Commercial auto liability								
21. Auto physical damage								
22. Aircraft (all perils)								
23. Fidelity								
24. Surety								
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Reinsurance-Nonproportional Assumed Property	X X X							
31. Reinsurance-Nonproportional Assumed Liability	X X X							
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X							
33. Aggregate write-ins for other lines of business								
34. TOTALS	77,778,123	5,136,701	684,885	82,229,939	201,094,852	229,129,935	54,194,856	34.301

DETAILS OF WRITE-INS								
3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page								
3399. Totals (Lines 3301 through 3303 + 3398) (Line 33 above)								

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1	2	3	4	5	6	7		
	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Unpaid Loss Adjustment Expenses
1. Fire									
2. Allied lines									
3. Farmowners multiple peril									
4. Homeowners multiple peril									
5. Commercial multiple peril									
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine									
10. Financial guaranty									
11.1 Medical malpractice - occurrence									
11.2 Medical malpractice - claims - made									
12. Earthquake									
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)									
15. Other accident and health								(a)	
16. Workers' compensation	127,818,686	7,205,184	33,527,643	101,496,227	97,554,104	5,405,374	3,360,853	201,094,852	45,998,391
17.1 Other liability - occurrence									
17.2 Other liability - claims - made									
18.1 Products liability - occurrence									
18.2 Products liability - claims - made									
19.1, 19.2 Private passenger auto liability									
19.3, 19.4 Commercial auto liability									
21. Auto physical damage									
22. Aircraft (all perils)									
23. Fidelity									
24. Surety									
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30. Reinsurance-Nonproportional Assumed Property	X X X				X X X				
31. Reinsurance-Nonproportional Assumed Liability	X X X				X X X				
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X				X X X				
33. Aggregate write-ins for other lines of business									
34. TOTALS	127,818,686	7,205,184	33,527,643	101,496,227	97,554,104	5,405,374	3,360,853	201,094,852	45,998,391

DETAILS OF WRITE-INS									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page									
3399. Totals (Lines 3301 through 3303 + 3398) (Line 33 above)									

(a) Including \$ 0. for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	7,771,260			7,771,260
1.2 Reinsurance assumed	738,438			738,438
1.3 Reinsurance ceded	187,652			187,652
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	8,322,046			8,322,046
2. Commission and brokerage:				
2.1 Direct, excluding contingent		9,597,813		9,597,813
2.2 Reinsurance assumed, excluding contingent		2,357,945		2,357,945
2.3 Reinsurance ceded, excluding contingent		1,884,257		1,884,257
2.4 Contingent-direct		6,280,942		6,280,942
2.5 Contingent-reinsurance assumed				
2.6 Contingent-reinsurance ceded		3,395,211		3,395,211
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		12,957,232		12,957,232
3. Allowances to manager and agents		1,021,362		1,021,362
4. Advertising		826,150		826,150
5. Boards, bureaus and associations		468,422		468,422
6. Surveys and underwriting reports		255,026		255,026
7. Audit of assureds' records		503,603		503,603
8. Salary and related items:				
8.1 Salaries	9,087,285	6,767,611	145,058	15,999,954
8.2 Payroll taxes	673,547	509,018	9,337	1,191,902
9. Employee relations and welfare	3,265,419	2,431,848	52,140	5,749,407
10. Insurance	194,899	140,877	2,708	338,484
11. Directors' fees	89,851	64,946	1,248	156,045
12. Travel and travel items	305,947	330,115		636,062
13. Rent and rent items	523,963	465,641		989,604
14. Equipment	582,353	623,597		1,205,950
15. Cost or depreciation of EDP equipment and software	1,254,496	1,343,342		2,597,838
16. Printing and stationery	356,716	379,478		736,194
17. Postage, telephone and telegraph, exchange and express	401,346	429,770		831,116
18. Legal and auditing	2,278,521	2,079,726	14,048	4,372,295
19. Totals (Lines 3 to 18)	19,014,343	18,640,532	224,539	37,879,414
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0		10,115,684		10,115,684
20.2 Insurance department licenses and fees	49,685	41,914	138	91,737
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)		376,028		376,028
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	49,685	10,533,626	138	10,583,449
21. Real estate expenses			497,300	497,300
22. Real estate taxes			212,126	212,126
23. Reimbursements by uninsured accident and health plans				
24. Aggregate write-ins for miscellaneous expenses			617,603	617,603
25. Total expenses incurred	27,386,074	42,131,390	1,551,706 (a)	71,069,170
26. Less unpaid expenses-current year	45,998,391	23,119,158		69,117,549
27. Add unpaid expenses-prior year	44,874,722	21,267,107		66,141,829
28. Amounts receivable relating to uninsured accident and health plans, prior year				
29. Amounts receivable relating to uninsured accident and health plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	26,262,405	40,279,339	1,551,706	68,093,450

DETAILS OF WRITE-INS				
2401. Investment Expenses			617,603	617,603
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)			617,603	617,603

(a) Includes management fees of \$ 0 to affiliates and \$ 275,004 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 7,993,859	8,137,105
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 9,789,469	9,555,539
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 272,682	264,872
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	466,131	481,268
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d) 874,250	874,250
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 249,084	453,679
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	33,972	33,972
10. Total gross investment income	19,679,447	19,800,685
11. Investment expenses		(g) 1,551,706
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i) 404,804
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		1,956,510
17. Net investment income (Line 10 minus Line 16)		17,844,175
DETAILS OF WRITE-INS		
0901. Rabbi Trust Account	33,972	33,972
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	33,972	33,972
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15, above)		

- (a) Includes \$ 252,817 accrual of discount less \$ (1,193,324) amortization of premium and less \$ 823,097 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 858,000 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ (15,649) amortization of premium and less \$ 168,889 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 1,551,706 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 404,804 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Total
1. U.S. Government bonds	245,543		668,560	914,103
1.1 Bonds exempt from U.S. tax				
1.2 Other bonds (unaffiliated)	814,518		(101,494)	713,024
1.3 Bonds of affiliates				
2.1 Preferred stocks (unaffiliated)			(44,000)	(44,000)
2.11 Preferred stocks of affiliates			347,015	347,015
2.2 Common stocks (unaffiliated)	2,274,545		(102,008)	2,172,537
2.21 Common stocks of affiliates			115,672	115,672
3. Mortgage loans				
4. Real estate				
5. Contract loans				
6. Cash, cash equivalents and short-term investments	(1,788)			(1,788)
7. Derivative instruments				
8. Other invested assets		(20,123)	(3,444)	(23,567)
9. Aggregate write-ins for capital gains (losses)	5,481		6,400	11,881
10. Total capital gains (losses)	3,338,299	(20,123)	886,701	4,204,877

DETAILS OF WRITE-INS				
0901. Rabbit Trust Account	5,481		6,400	11,881
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	5,481		6,400	11,881

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Title plants (for Title insurers only)			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	2,205,627	2,801,988	596,361
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	869,034	830,750	(38,284)
13.3 Accrued retrospective premiums	70,933	118,572	47,639
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset			
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software	2,664,777	5,251,738	2,586,961
19. Furniture and equipment, including health care delivery assets	286,877	446,297	159,420
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivable from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets	2,197,899	1,982,189	(215,710)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	8,295,147	11,431,534	3,136,387
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	8,295,147	11,431,534	3,136,387

DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301. Prepaid Expenses	1,244,594	1,214,628	(29,966)
2302. Miscellaneous Receivables	953,305	765,671	(187,634)
2303. Deposits		1,890	1,890
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	2,197,899	1,982,189	(215,710)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of Beacon Mutual Insurance Company ("the Company") have been prepared on the basis of accounting practices prescribed or permitted by the Rhode Island Insurance Department. The state of Rhode Island requires insurance companies domiciled in the state of Rhode Island to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

C. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance assumed. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as agent commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized value using the interest method. Non-investment grade short-term investments are stated at the lower of amortized cost or fair market value.
2. Bonds not backed by other loans are stated at amortized value using the interest method. Non-investment grade bonds are stated at the lower of amortized value or fair market value.
3. Common stocks, other than investments in stocks of subsidiary, are stated at fair market value.
4. Redeemable preferred stocks are stated at amortized value. Perpetual preferred stocks are stated at fair market value. Non-investment grade preferred stocks are stated at the lower of amortized value or fair market value.
5. Not applicable
6. Loan-backed securities are stated at amortized value. The prospective adjustment method is used to value all loan-backed securities. Non-investment grade loan-backed securities are stated at the lower of amortized value or fair market value.
7. Investment in Subsidiaries are stated as follows: The Company values its subsidiaries, BMIC Service Corporation and Castle Hill Insurance Company, using the Admitted Asset Valuation Method and the Statutory Equity Method, respectively, as described in Part Eight, Section 3 a (ii) B and Part Eight Section 3 a (ii) A, respectively, of the NAIC Purposes and Procedures Manual of the Securities Valuation Office.
8. The Company has minor ownership interests in joint ventures and partnerships which are carried at fair market value.
9. Not applicable
10. The Company does not currently anticipate investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts - Premiums.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience,

NOTES TO FINANCIAL STATEMENTS

for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

12. The Company has a written capitalization policy for the purchase of items such as land, buildings and improvements, leasehold improvements, furniture and equipment, leased property, software, electronic data processing equipment, vehicles, and other equipment.

2. Accounting Changes and Corrections of Errors

A. Accounting Changes Other than Codification and Correction of Errors

Not applicable

3. A. Business Combinations and Goodwill

There were no business combinations.

4. Discontinued Operations

Not applicable

5. Investments

(A, B, C) Not applicable

D. Loan-Backed Securities

1. Not applicable

2. Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from broker dealer survey values or internal estimates.

3. Not applicable

E. Repurchase Agreements

Not applicable

F. Real Estate Impairments and Retail Land Sales

Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

B. For the year 2005, the Company recognized an impairment of \$20,123 for its investment in Point Judith Venture Fund. This write-down was due to a decline in the market value of this investment.

7. Investment Income

A. Due and accrued income was excluded from surplus on the following basis:

All investment income due and accrued with amounts that are over 90 days past due.

B. Amounts excluded

None

8. Derivative Instruments

The Company has no derivative financial instruments

9. Income Taxes

The Company is tax exempt under section 501(c) (27) of the Internal Revenue Code.

NOTES TO FINANCIAL STATEMENTS

10. Information Concerning Parent, Subsidiaries and Affiliates

A. Nature of Relationships

The Company is a non-profit public corporation organized and operated as a domestic mutual insurance company under the laws enacted by the Rhode Island legislature. In accordance with the enabling legislation, the Company is managed by a Board of Directors, the majority of whom serve via appointment by the Governor of the State of Rhode Island. The Company's initial surplus has been provided by the Donley Fund, a special fund established in the Treasury Department of the State of Rhode Island, and the Rhode Island Department of Labor and Training. The Company is not directly or indirectly owned or controlled by any other company. The Company is a parent company of its wholly owned subsidiaries -- BMIC Service Corporation and Castle Hill Insurance Company.

B. Detail of Transactions Greater than ½% of Admitted Assets

Not applicable

C. Change in Terms of Intercompany Arrangements

Not applicable

D. Amounts Due to or from Related Parties

At the end of the current year, the Company reported \$2,539,768 due from its subsidiaries; BMIC Service Corporation and Castle Hill Insurance Company owed the Company \$2,376,593 and \$163,175 respectively.

E. Guarantees Or Contingencies for Related Parties

Not applicable

F. Management, Service Contracts, Cost Sharing Arrangements

The Company has agreed to provide certain management and data processing services to its wholly-owned subsidiaries.

G. Nature of Relationships that Could Affect Operations

Not applicable

H. Amount Deducted for Investment in Upstream Company

Not applicable

I. Detail of Investments in SCA entity Greater than 10% of Admitted Assets

Not applicable

J. Writedown or Impairments of Investments in SCA Entities

Not applicable

11. Debt

The Company does not have any capital notes or reverse repurchase agreements at December 31, 2005.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. The Company has no defined benefit plans.

B. The Company sponsors a qualified defined contribution retirement plan for all eligible employees. Under the plan, the Company matches employee contributions on a 50% basis for the first 6% of an employee's salary contributed and can contribute additional amounts as authorized by the Board of Directors. Vesting of employees is ratably over five years. The Company's expense for the plan was \$2,753,360 and \$2,216,312 for 2005 and 2004, respectively. At December 31, 2005, the fair value of plan assets was \$21,855,757.

C. Multiemployer Plan

NOTES TO FINANCIAL STATEMENTS

Not applicable

D. Consolidated/Holding Company Plans

Not applicable

E. Postemployment Benefits and Compensated Absences

The Company established a Rabbi Trust Account for a former executive officer during 2002 with an initial value of \$1,358,258. This account includes bonds, equities and money market funds; at December 31, 2005, the fair value was \$1,110,271.

The Beacon Mutual pays premiums on split dollar life insurance policies for certain executives. Beacon will be reimbursed for the premiums paid for these policies. The net present value of premiums receivable on these policies equals \$927,934 at December 31, 2005. This balance has been non-admitted.

Due to threshold requirements in the company sponsored qualified defined contribution retirement plan, a deferred compensation program for the senior management team in the amount of \$228,481 has been expensed in 2005 and is reflected in other liabilities.

The Company has no other material obligations to current or former employees for benefits after their employment but before their retirement other than for compensation related to earned vacation time. The liability for earned but unused vacation time has been accrued in accordance with SSAP 11.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

(1). Authorized and Outstanding Shares

Not applicable

(2). Dividend Rate of Preferred Stock

Not applicable

(3). Policyholder dividends are paid out of unassigned surplus in accordance with a percentage or amounts approved by the Board of Directors. Dividends declared and unpaid are recorded as a liability. The Company is required to satisfy the legal minimum capital requirements of its domiciliary state - Rhode Island. Under the terms of its enabling act, The Company may declare a dividend when there is an excess of assets over liabilities and minimum surplus requirements.

In December 2005, the Board of Directors declared a dividend of twelve percent of final audited premium to be paid to all eligible policyholders of record as of December 31, 2005.

(4). Not applicable.

(5). There were no restrictions placed on the Company's surplus.

(6). Mutual Surplus Advances

Not applicable

(7). Company Stock Held for Special Purposes

Not applicable

(8). Changes in Special Surplus Funds

Not applicable

(9). Changes in Unassigned Funds

The portion of unassigned funds (surplus) represented by cumulative unrealized gains (net of losses) is as follows:

a. Unrealized gains or (losses): \$ 2,490,060

(10). Surplus Notes

Not applicable

NOTES TO FINANCIAL STATEMENTS

(11). The impact of any restatement due to prior quasi-reorganizations

Not applicable

(12). The effective date(s) of all quasi-reorganizations in the prior 10 years

Not applicable

14. Contingencies:

(A, B, C) Not applicable

D. All Other Contingencies

The Company is involved in various legal proceedings arising out of and incidental to its business. Management, based on its review with counsel, does not anticipate that the losses, if any, incurred as a result of these legal proceedings would materially affect the Company’s statutory financial position or results of operations.

15. Leases

A. Lessee Operating Lease

(1). The Company leases office equipment under various noncancelable operating lease agreements that expire through 2009. Rental expense for 2005 and 2004 was approximately \$918,866 and \$913,277 respectively.

(2). At January 1, 2006, the minimum aggregate rental commitments are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2006	\$40,542
2007	\$40,542
2008	\$31,519
2009	<u>\$ 5,623</u>
	\$118,226

(3). The Company is not involved in any sales - leaseback arrangements.

B. Lessor Leasing Arrangements

Not applicable

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

The Company does not have any financial instruments with off-balance sheet risk or concentrations of credit risk.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

(A, B, C) Not applicable.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

The Company does not write Accident & Health business

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

The Company does not utilize managing general agents or third party administrators to write business.

20. September 11 Events

No losses were incurred as a result of the terrorist attacks of September 11, 2001.

21. Other Items

A. Extraordinary Items

Not applicable

NOTES TO FINANCIAL STATEMENTS

B. Trouble Debt Restructuring for Debtors

Not applicable

C. Other disclosures

No securities other than those indicated in Schedule E Part 3 have been pledged as collateral.

D. Uncollectible Premiums Receivable

At December 31, 2005 and 2004 the Company had admitted assets of \$51,008,127 and \$46,031,860, respectively, in premiums receivable due from policyholders, agents and ceding insurers. The Company routinely assesses the collectibility of these receivables. A Bad Debt Reserve for \$270,693 has been established at December 31, 2005.

E. Business Interruption Insurance Recoveries

Not applicable

22. Events Subsequent

There were no events occurring subsequent to December 31, 2005 which merit disclosure.

23. Reinsurance

A. Unsecured Reinsurance Recoverables

Unsecured reinsurance recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses, and unearned premium in excess of 3% of the Company's policyholder surplus is as follows:

<u>NAIC Code</u>	<u>Federal ID#</u>	<u>Name of Reinsurance</u>	<u>Amount</u>
22039	13-2673100	General Reinsurance Corp.	(000 Omitted) \$35,821

B. Reinsurance Recoverables in Dispute

The Company has no reinsurance recoverable balances in dispute at December 31, 2005.

C. Reinsurance Assumed and Ceded

All reinsurance premiums, excluding facultative reinsurance contracts, are paid on earned premium; therefore return commission is zero. Direct Unearned Premium Reserve is \$67,411,862. The Company has no contingent commission receivable at December 31, 2005.

D. Uncollectable Reinsurance

None

E. Commutation of Ceded Reinsurance

Not applicable

F. Retroactive Reinsurance

Part (1)

1. Reserves Transferred:	Assumed
a. Initial Reserves	[\$1,845,479]
b. Adjustments - Prior Yr.	\$ 0
c. Adjustments - Current Yr.	[\$ 467,494]
d. Current Total	[\$2,312,973]
2. Consideration Paid or Received:	
a. Initial Consideration	\$1,845,479
b. Adjustments-Prior Yr.	\$ 0
c. Adjustments - Current Yr.	\$ 0
d. Current Total	\$1,845,479

NOTES TO FINANCIAL STATEMENTS

3. Paid Losses Reimbursed or Recovered:

a. Prior Year	\$1,564,873
b. Current Year	<u>\$ 87,611</u>
c. Current Total	\$1,652,484

4. Special Surplus from Retroactive Reinsurance:

a. Initial Surplus Gain or Loss	\$ 0
b. Adjustments - Prior Year	\$ 0
c. Adjustments - Current Year	[\$467,494]
d. Current Year Restricted Surplus	<u>\$ 0</u>
e. Cumulative Total Transferred to Unassigned Funds	[\$467,494]

In 2005, the Company had no ceded retroactive reinsurance.

5. Insurers included in the above transactions:

Fairfield Insurance NAIC # 44784 \$2,312,973

G. Reinsurance Accounted for as a Deposit

Not Applicable

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

- A. The Company estimates accrued retrospective premium adjustments through the review of each individual retrospectively rated risk, comparing known loss developments with those anticipated in the policy contract to arrive at the best estimate of return or additional premium due as of December 31, 2005. Accrued retrospectively rated premiums, including all of those relating to bulk IBNR, have been determined by individual policyholder account.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. Net premiums written for 2005 on retrospective workers compensation policies were \$709,327 or .43% of total workers compensation net premiums written.
- D. Ten percent of the amount of accrued retrospective premiums not offset by retrospective return premiums, other liabilities to the same party (other than loss and loss adjustment expense reserve), or collateral as permitted by SSAP No. 66, Retrospectively Rated Contracts, has been nonadmitted.

a. Total accrued retro premium	\$709,327
b. Unsecured amount	\$709,327
c. Less: Nonadmitted amount (10%)	\$ 70,933
d. Less: Nonadmitted for any person for whom Agents' balances or uncollected premiums are nonadmitted	<u>\$ 0</u>
e. Admitted amount (a) - (c) - (d)	\$638,394

25. Changes in Incurred Losses and Loss Adjustment Expenses

The estimated cost of loss and loss adjustment expense attributable to insured events of prior years decreased by \$49 million during 2005.

The Company has matured to a point where our outside actuarial firm has relied upon the good experience of its policyholders, rather than national insurance industry experience, to determine future trends and claims.

Rhode Island businesses and their employees, together with the Company, have worked diligently to reduce the number of workplace accidents along with the costs associated with them. The losses which were expected based on insurance industry statistics have not emerged for past accident years.

26. Intercompany Pooling Arrangements

Not applicable

27. Structured Settlements

- A. Reserves Released due to Purchase of Annuities

NOTES TO FINANCIAL STATEMENTS

The Company has released reserves of \$460,000 through the purchase of annuities for the end of the current year. The claimants are payees under these annuities and have released the Company from any contingent liabilities should the issuers fail to meet their obligations.

B. Annuity Insurers with Balances due Greater than 1% of Policyholder’s Surplus

Not applicable

28. Health Care Receivables

Not applicable

29. Participating Accident and Health Policies

Not applicable

30. Premium Deficiency Reserves

The Company was not required to record a premium deficiency reserve.

31. High Deductibles

The Company has no High Deductible plans.

32. Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses

The Company does not discount unpaid losses and unpaid loss adjustment expenses.

33. Asbestos/Environmental Reserves

The Company does not write asbestos or environmental business.

34. Subscriber Savings Accounts

Not applicable

35. Multiple Peril Crop Insurance

Not applicable

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	77,974,447	17.282	77,974,447	17.282
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	93,800,244	20.790	93,800,244	20.790
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)	2,028,101	0.450	2,028,101	0.450
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA				
1.512 Issued or guaranteed by FNMA and FHLMC	5,950,889	1.319	5,950,889	1.319
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA				
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage- backed securities issued or guaranteed by agencies shown in Line 1.521	21,833,884	4.839	21,833,884	4.839
1.523 All other				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	146,203,260	32.404	146,203,260	32.404
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated	15,593,761	3.456	15,593,761	3.456
3.22 Unaffiliated	5,558,200	1.232	5,558,200	1.232
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	5,197,920	1.152	5,197,920	1.152
3.32 Unaffiliated	32,272,850	7.153	32,272,850	7.153
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company	14,815,632	3.284	14,815,632	3.284
5.2 Property held for production of income (including \$ 0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (including \$ 0 property acquired in satisfaction of debt)				
6. Contract loans				
7. Receivables for securities				
8. Cash, cash equivalents and short-term investments	29,704,809	6.584	29,704,809	6.584
9. Other invested assets	254,570	0.056	254,570	0.056
10. Total invested assets	451,188,567	100.000	451,188,567	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ N/A ☐

1.3

State Regulating?

Rhode Island

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒

2.2

If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2002

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2002

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/10/2004

3.4

By what department or departments? Department of Business Regulation, Rhode Island

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes ☐ No ☒

4.12

renewals?

Yes ☐ No ☒

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes ☐ No ☒

4.22

renewals?

Yes ☐ No ☒

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒

5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement.)

Yes ☐ No ☒

6.2

If yes, give full information

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒

7.2

If yes,

7.21

State the percentage of foreign control

0 %

7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1	2
Nationality	Type of Entity

8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ☐ No ☒

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ☐ No ☒

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG LLP
600 Fleet Center, 50 Kennedy Plaza, Providence, RI 02903

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? David Mohrman
Forestal Centre, 175 Powder Forest Drive, Weatogue, CT 06089
Tillinghast Towers Perrin (an actuarial consulting company)

11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

11.11 Name of real estate holding company

11.12 Number of parcels involved

11.13 Total book/adjusted carrying value

Yes [] No [X]

\$

11.2 If yes, provide explanation.

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

12.3 Have there been any changes made to any of the trust indentures during the year?

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes [X] No []

Yes [] No [X]

Yes [] No [] N/A [X]

BOARD OF DIRECTORS

13. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

14. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

15. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes [X] No []

Yes [X] No []

Yes [X] No []

FINANCIAL

16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11 To directors or other officers

16.12 To stockholders not officers

16.13 Trustees, supreme or grand (Fraternal only)

16.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21 To directors or other officers

16.22 To stockholders not officers

16.23 Trustees, supreme or grand (Fraternal only)

17.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

17.2 If yes, state the amount thereof at December 31 of the current year:

17.21 Rented from others

17.22 Borrowed from others

17.23 Leased from others

17.24 Other

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

Yes [] No [X]

Yes [X] No []

Yes [] No [X]

18.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

18.2 If answer is yes:

18.21 Amount paid as losses or risk adjustment

\$

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

18.22 Amount paid as expenses

18.23 Other amounts paid

\$

\$

19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [X] No []

19.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$

INVESTMENT

20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes [X] No []

20.2 If no, give full and complete information, relating thereto

21.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1).

Yes [] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Loaned to others

21.22 Subject to repurchase agreements

21.23 Subject to reverse repurchase agreements

21.24 Subject to dollar repurchase agreements

21.25 Subject to reverse dollar repurchase agreements

21.26 Pledged as collateral

21.27 Placed under option agreements

21.28 Letter stock or securities restricted as to sale

21.29 Other

\$

\$

\$

\$

\$

\$

\$

\$

\$

21.3 For category (21.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount

22.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [] No [X]

22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes [] No [] N/A [X]

If no, attach a description with this statement.

23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [] No [X]

23.2 If yes, state the amount thereof at December 31 of the current year.

\$

24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?

Yes [X] No []

24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
Bank of America	100 Westminster Street, Providence, RI 02903
State Street Bank & Trust Company	225 Franklin Street, Boston, MA 02110

24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year?

Yes [] No [X]

24.04 If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

24.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
105842	Columbia Management Advisors, Inc.	100 Federal Street, Boston, MA 02110
112738	Citizens Bank	One Citizens Plaza, Providence, RI 02903
105343	Baldwin Brothers Investment Advisors	1 Prov. Washington Plaza, Providence, RI 02903

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [X] No []

25.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
197199-81-3	Columbia Acorn International	2,398,946
197199-85-4	Columbia Acorn Select Fund	2,013,065
19765H-63-6	Columbia Marsico International	2,715,267
19765J-83-0	Columbia Mid Cap Value Fund	1,279,695
19764W-58-4	Columbia Small Cap Fd Cl Z	1,758,656
25.2999 Total		10,165,629

25.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
Columbia Acorn International	Anglo Irish Bank	43,421	12/31/2005
Columbia Acorn International	Rhoen Klinikum	38,863	12/31/2005
Columbia Acorn International	Fugro	33,105	12/31/2005
Columbia Acorn International	Hexagon	30,467	12/31/2005
Columbia Acorn International	Housing Development Finance	29,027	12/31/2005
Columbia Acorn Select Fund	Tellabs	119,777	12/31/2005
Columbia Acorn Select Fund	ITT Educational Services	108,102	12/31/2005
Columbia Acorn Select Fund	Abercromie & Fitch A	102,666	12/31/2005
Columbia Acorn Select Fund	Safeway	90,588	12/31/2005
Columbia Acorn Select Fund	American Tower A	71,665	12/31/2005
Columbia Marsico International	Roche Holding AG	120,829	12/31/2005
Columbia Marsico International	Vinci	115,942	12/31/2005
Columbia Marsico International	Cemex SA	112,684	12/31/2005
Columbia Marsico International	Ericsson Telephone	105,895	12/31/2005
Columbia Marsico International	Continental AG	95,577	12/31/2005
Columbia Mid Cap Value Fund	PG & E	16,636	12/31/2005
Columbia Mid Cap Value Fund	Marshall & Ilsley	16,252	12/31/2005
Columbia Mid Cap Value Fund	Zions Bancorporation	16,124	12/31/2005
Columbia Mid Cap Value Fund	Host Marriott	15,484	12/31/2005
Columbia Mid Cap Value Fund	ProLogis Trust	14,844	12/31/2005
Columbia Small Cap Fd Cl Z	Benchmark Electronics	36,932	12/31/2005
Columbia Small Cap Fd Cl Z	Res-Care	23,038	12/31/2005
Columbia Small Cap Fd Cl Z	Armor Holding	21,807	12/31/2005
Columbia Small Cap Fd Cl Z	Albany International	21,280	12/31/2005
Columbia Small Cap Fd Cl Z	Pediatrics Medical Group	19,873	12/31/2005

26. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds	381,167,698	383,514,277	2,346,579
26.2 Preferred stocks	21,151,961	21,120,861	(31,100)
26.3 Totals	402,319,659	404,635,138	2,315,479

26.4 Describe the sources or methods utilized in determining the fair values: NAIC Valuation of Securities CD-rom, investment custodians
.....
.....

27.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securittes Valuation Office been followed? Yes [X] No []

27.2 If no, list exceptions:
.....
.....

OTHER

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?

\$587,097

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
NCCI Holding Inc.	\$550,868
	\$
	\$

29.1 Amount of payments for legal expenses, if any?

\$1,014,586

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Partridge Snow & Hahn, LLP	\$870,902
	\$
	\$

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?

\$84,000

30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
Tillinghast Licht Perkins	\$54,000
Cornerstone Communications	\$30,000
	\$
	\$

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

YES [] NO [X]

1.2

If yes, indicate premium earned on U. S. business only.

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$

1.62

Total incurred claims

\$

1.63

Number of covered lives

\$

All years prior to most current three years:

1.64

Total premium earned

\$

1.65

Total incurred claims

\$

1.66

Number of covered lives

\$

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$

1.72

Total incurred claims

\$

1.73

Number of covered lives

\$

All years prior to most current three years:

1.74

Total premium earned

\$

1.75

Total incurred claims

\$

1.76

Number of covered lives

\$

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

\$

\$

2.2

Premium Denominator

\$

\$

2.3

Premium Ratio (2.1/2.2)

2.4

Reserve Numerator

\$

\$

2.5

Reserve Denominator

\$

\$

2.6

Reserve Ratio (2.4/2.5)

3.1

Does the reporting entity issue both participating and non-participating policies?

YES [] NO [X]

3.2

If yes, state the amount of calendar year premiums written on:

3.21

Participating policies

\$

3.22

Non-participating policies

\$

4.

For Mutual Reporting Entities and Reciprocal Exchange only:

4.1

Does the reporting entity issue assessable policies?

YES [] NO [X]

4.2

Does the reporting entity issue non-assessable policies?

YES [X] NO []

4.3

If assessable policies are issued, what is the extent of the contingent liability of the policyholders?

%

4.4

Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.

\$

5.

For Reciprocal Exchanges Only:

5.1

Does the exchange appoint local agents?

YES [] NO [X]

5.2

If yes, is the commission paid:

5.21

Out of Attorney's-in-fact compensation

YES [] NO [] N/A [X]

5.22

As a direct expense of the exchange

YES [] NO [] N/A [X]

5.3

What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

5.4

Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?

YES [] NO [X]

5.5

If yes, give full information

17

GENERAL INTERROGATORIES

(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 6.1

What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss: Excess of Loss \$1,000,000 to \$75,000,000
Up to \$20,000,000 through GenRe and up to \$75,000,000 with various P&C insurance companies
- 6.2

Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process: N/A
The Beacon is a monoline workers' compensation carrier
- 6.3

What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss? Property insurance is not written
- 6.4

Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?

YES [X] NO []
- 6.5

If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss
- 7.1

Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?

YES [] NO [X]
- 7.2

If yes, indicate the number of reinsurance contracts containing such provisions.
- 7.3

If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?

YES [] NO [X]
- 8.1

Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?

YES [X] NO []
- 8.2

If yes, give full information 25 GenRe insurance claims were capped at \$5,532,533 in the aggregate
Of the 25 capped claims, 21 are closed and will not have an impact on net loss
- 9.1

Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 3% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 3% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) An unconditional or unilateral right by either party to commute the reinsurance contract except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.

YES [] NO [X]
- 9.2

Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates.

YES [] NO [X]
- 9.3

If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatroy 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4

Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

YES [] NO [X]
- 9.5

If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
10.

If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?

YES [X] NO [] N/A []
- 11.1

Has the reporting entity guaranteed policies issued by any other entity and now in force:

YES [] NO [X]
- 11.2

If yes, give full information

GENERAL INTERROGATORIES

(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses

12.12 Unpaid underwriting expenses (including loss adjustment expenses)

\$1,382,917

\$261,040

12.2 Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?

\$

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?

YES [] NO [X] N/A []

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41 From

12.42 To

%

%

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?

YES [] NO [X]

12.6 If yes, state the amount thereof at December 31 of current year:

12.61 Letters of Credit

12.62 Collateral and other funds

\$

\$

13.1 What amount of installment notes is owned and now held by the reporting entity?

\$22,258

13.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year?

YES [] NO [X]

13.3 If yes, what amount?

\$

14.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation):

\$

14.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?

YES [] NO [X]

14.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.

15.1 Is the company a cedant in a multiple cedant reinsurance contract?

YES [] NO [X]

15.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

15.3 If the answer to 15.1 is yes, are the methods described in item 15.2 entirely contained in the respective multiple cedant reinsurance contracts?

YES [] NO [X]

15.4 If the answer to 15.3 is no, are all the methods described in 15.2 entirely contained in written agreements?

YES [] NO [X]

15.5 If the answer to 15.4 is no, please explain:

Not Applicable

16.1 Has the reporting entity guaranteed any financed premium accounts?

YES [] NO [X]

16.2 If yes, give full information

17.1 Does the reporting entity write any warranty business?

YES [] NO [X]

If yes, disclose the following information for each of the following types of warranty coverage:

	1	2	3	4	5
	Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned
17.11 Home	\$	\$	\$	\$	\$
17.12 Products	\$	\$	\$	\$	\$
17.13 Automobile	\$	\$	\$	\$	\$
17.14 Other*	\$	\$	\$	\$	\$

* Disclose type of coverage:

GENERAL INTERROGATORIES

(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

18.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5.

Incurred but not reported losses on contracts not in force on July 1, 1984 or subsequently renewed are exempt from inclusion in Schedule F - Part 5. Provide the following information for this exemption:

18.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5

18.12 Unfunded portion of Interrogatory 18.11

18.13 Paid losses and loss adjustment expenses portion of Interrogatory 18.11

18.14 Case reserves portion of Interrogatory 18.11

18.15 Incurred but not reported portion of Interrogatory 18.11

18.16 Unearned premium portion of Interrogatory 18.11

18.17 Contingent commission portion of Interrogatory 18.11

YES [] NO [X]

\$

\$

\$

\$

\$

\$

\$

Provide the following information for all other amounts included in Schedule F - Part 3 and excluded from Schedule F - Part 5, not included above.

18.18 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5

18.19 Unfunded portion of Interrogatory 18.18

18.20 Paid losses and loss adjustment expenses portion of Interrogatory 18.18

18.21 Case reserves portion of Interrogatory 18.18

18.22 Incurred but not reported portion of Interrogatory 18.18

18.23 Unearned premium portion of Interrogatory 18.18

18.24 Contingent commission portion of Interrogatory 18.18

\$

\$

\$

\$

\$

\$

\$

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.

	1 2005	2 2004	3 2003	4 2002	5 2001
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	174,380,886	157,353,407	160,884,815	144,291,946	118,207,245
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
5. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
6. Total (Line 34)	174,380,886	157,353,407	160,884,815	144,291,946	118,207,245
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	163,326,743	147,607,373	149,821,901	134,790,677	112,792,030
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
11. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
12. Total (Line 34)	163,326,743	147,607,373	149,821,901	134,790,677	112,792,030
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	34,284,113	(12,824,742)	(10,575,027)	(3,669,578)	(1,678,744)
14. Net investment gain (loss) (Line 11)	21,211,809	19,513,741	20,709,519	16,699,734	17,681,997
15. Total other income (Line 15)	(1,472,518)	(324,324)	(65,838)	(1,214,457)	(831,827)
16. Dividends to policyholders (Line 17)	26,503,257	2,224,446	2,953,983	2,050,327	6,810,395
17. Federal and foreign income taxes incurred (Line 19)					
18. Net income (Line 20)	27,520,147	4,140,229	7,114,671	9,765,372	8,361,031
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	511,681,737	479,709,121	453,466,366	415,664,027	402,600,414
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	3,860,964	6,231,231	3,171,258	5,189,601	3,887,774
20.2 Deferred and not yet due (Line 13.2)	46,508,769	38,733,477	41,117,365	31,526,832	26,554,692
20.3 Accrued retrospective premiums (Line 13.3)	638,394	1,067,152	589,606	787,677	492,139
21. Total liabilities excluding protected cell business (Page 3, Line 24)	364,754,038	364,324,656	343,480,348	318,617,128	309,733,299
22. Losses (Page 3, Lines 1 and 2)	201,717,756	229,530,685	215,378,756	205,659,332	206,872,112
23. Loss adjustment expenses (Page 3, Line 3)	45,998,391	44,874,722	38,899,165	33,096,737	33,263,198
24. Unearned premiums (Page 3, Line 9)	68,810,161	63,935,916	63,407,460	54,314,271	45,611,128
25. Capital paid up (Page 3, Lines 28 & 29)					
26. Surplus as regards policyholders (Page 3, Line 35)	146,927,699	115,384,465	109,986,018	97,046,899	92,867,115
Risk-Based Capital Analysis					
27. Total adjusted capital	146,927,699	115,384,465	109,986,018	97,046,899	92,867,116
28. Authorized control level risk-based capital	13,528,616	15,076,811	17,934,512	21,716,923	22,364,475
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
29. Bonds (Line 1)	77.1	81.8	81.0	82.2	81.6
30. Stocks (Lines 2.1 & 2.2)	13.0	12.6	12.8	6.1	6.6
31. Mortgage loans on real estate (Lines 3.1 and 3.2)					
32. Real estate (Lines 4.1, 4.2 & 4.3)	3.3	3.5	3.7	4.0	4.1
33. Cash, cash equivalents and short-term investments (Line 5)	6.6	2.1	2.5	7.6	7.4
34. Contract loans (Line 6)				XXX	XXX
35. Other invested assets (Line 7)	0.1	0.1		0.1	0.3
36. Receivables for securities (Line 8)					
37. Aggregate write-ins for invested assets (Line 9)					
38. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
39. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)					
40. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)	15,593,761	15,246,746	15,025,226		
41. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2)	5,197,920	5,082,249	5,008,409		
42. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)					
43. Affiliated mortgage loans on real estate					
44. All other affiliated					
45. Total of above Lines 39 to 44	20,791,681	20,328,995	20,033,635		
46. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 45 above divided by Page 3, Col. 1, Line 35 x 100.0)	14.2	17.6			

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2005	2 2004	3 2003	4 2002	5 2001
Capital and Surplus Accounts (Page 4)					
47. Net unrealized capital gains (losses) (Line 24)	886,701	1,151,918	5,913,153	(2,809,542)	(997,193)
48. Dividends to stockholders (Line 35)					
49. Change in surplus as regards policyholders for the year (Line 38)	31,543,235	5,398,447	12,939,119	4,179,783	4,868,517
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
50. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	82,914,824	77,700,904	73,130,265	72,649,270	61,773,646
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
55. Total (Line 34)	82,914,824	77,700,904	73,130,265	72,649,270	61,773,646
Net Losses Paid (Page 9, Part 2, Col. 4)					
56. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	82,229,939	77,115,497	72,724,535	71,697,689	61,269,620
57. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
61. Total (Line 34)	82,229,939	77,115,497	72,724,535	71,697,689	61,269,620
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
62. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
63. Losses incurred (Line 2)	34.3	61.7	59.0	55.8	49.6
64. Loss expenses incurred (Line 3)	17.3	20.4	18.5	13.1	18.0
65. Other underwriting expenses incurred (Line 4)	26.7	26.7	30.1	34.0	34.1
66. Net underwriting gain (loss) (Line 8)	21.7	(8.7)	(7.6)	(2.9)	(1.6)
Other Percentages					
67. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)	26.7	26.9	28.1	32.8	32.4
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	51.6	82.0	77.5	68.9	67.5
69. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0)	111.2	127.9	136.2	138.9	121.5
One Year Loss Development (000 omitted)					
70. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Col. 11)	(49,397)	(17,156)	(17,217)	(33,964)	(46,363)
71. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 70 above divided by Page 4, Line 21, Col. 1 x 100.0)	(42.8)	(15.6)	(17.7)	(36.6)	(52.7)
Two Year Loss Development (000 omitted)					
72. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(27,589)	(49,119)	(47,412)	(74,808)	(68,980)
73. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 72 above divided by Page 4, Line 21, Col. 2 x 100.0)	(25.1)	(50.6)	(51.0)	(85.0)	(76.7)

SCHEDULE D - SUMMARY BY COUNTRY
Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1	2	3	4
		Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	171,774,692	173,868,738	172,554,142	166,920,000
	2. Canada	1,030,926	1,008,450	1,056,180	1,000,000
	3. Other Countries	997,175	972,230	996,690	1,000,000
	4. Totals	173,802,793	175,849,418	174,607,012	168,920,000
States, Territories and Possessions (Direct and guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals				
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
	12. Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	13,199,448	13,028,464	13,204,155	13,186,922
	14. Canada				
	15. Other Countries				
	16. Totals	13,199,448	13,028,464	13,204,155	13,186,922
Public Utilities (unaffiliated)	17. United States	2,718,155	2,750,959	2,720,290	2,700,000
	18. Canada				
	19. Other Countries				
	20. Totals	2,718,155	2,750,959	2,720,290	2,700,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	158,070,430	158,514,640	159,391,460	155,198,857
	22. Canada				
	23. Other Countries				
	24. Totals	158,070,430	158,514,640	159,391,460	155,198,857
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	347,790,826	350,143,481	349,922,917	340,005,779
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States	5,558,200	5,527,100	5,551,600	
	36. Canada				
	37. Other Countries				
	38. Totals	5,558,200	5,527,100	5,551,600	
Parent, Subsidiaries and Affiliates	39. Totals	15,593,761	15,593,761	15,000,000	
	40. Total Preferred Stocks	21,151,961	21,120,861	20,551,600	
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States	1,130,533	1,130,533	1,055,978	
	46. Canada				
	47. Other Countries				
	48. Totals	1,130,533	1,130,533	1,055,978	
Industrial and Miscellaneous (unaffiliated)	49. United States	31,142,317	31,142,317	28,785,296	
	50. Canada				
	51. Other Countries				
	52. Totals	31,142,317	31,142,317	28,785,296	
Parent, Subsidiaries and Affiliates	53. Totals	5,197,920	5,197,920	5,015,000	
	54. Total Common Stocks	37,470,770	37,470,770	34,856,274	
	55. Total Stocks	58,622,731	58,591,631	55,407,874	
	56. Total Bonds and Stocks	406,413,557	408,735,112	405,330,791	

SCHEDULE D - VERIFICATION BETWEEN YEARS
Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year	401,371,560	7. Amortization of premium	1,193,324
2. Cost of bonds and stocks acquired, Column 7, Part 3	144,841,921	8. Foreign Exchange Adjustment:	
3. Accrual of discount	252,817	8.1 Column 15, Part 1	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2 Section 1	
4.1 Columns 12 - 14, Part 1	457,049	8.3 Column 16, Part 2, Section 2	
4.2 Column 15 - 17, Part 2, Section 1	344,615	8.4 Column 15, Part 4	
4.3 Column 15, Part 2, Section 2	1,864,300	9. Book/adjusted carrying value at end of current period	406,413,557
4.4 Column 11 - 13, Part 4	(1,892,238)	10. Total valuation allowance	
5. Total gain (loss), Column 19, Part 4	3,325,309	11. Subtotal (Lines 9 plus 10)	406,413,557
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	142,958,452	12. Total nonadmitted amounts	
		13. Statement value of bonds and stocks, current period	406,413,557

SCHEDULE P-ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P-PART 1-SUMMARY
(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported - Direct and Assumed
				4	5	6	7	8	9			
	Direct and Assumed	Ceded	Net (Cols. 1 - 2)	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	X X X	X X X	X X X	697	53	57	2	30		5	729	X X X
2. 1996	87,395	5,042	82,353	35,806		4,084	4	2,970		1,030	42,856	X X X
3. 1997	64,686	3,623	61,063	35,089	80	3,358	12	3,747		1,504	42,102	X X X
4. 1998	61,183	3,124	58,059	35,188		4,566	21	4,355		789	44,088	X X X
5. 1999	74,097	3,529	70,568	46,190	199	5,063	131	5,647		1,126	56,570	X X X
6. 2000	92,631	3,687	88,944	64,034	1,412	6,571	35	8,005		979	77,163	X X X
7. 2001	110,386	5,415	104,971	70,998	265	6,890	12	10,216		997	87,827	X X X
8. 2002	135,893	9,501	126,392	69,806		6,793		12,156		869	88,755	X X X
9. 2003	150,662	11,063	139,599	62,834		5,476		13,576		686	81,886	X X X
10. 2004	157,326	9,746	147,580	52,944		4,539		14,114		233	71,597	X X X
11. 2005	169,051	11,054	157,997	25,169		1,668		13,860		75	40,697	X X X
12. Totals	X X X	X X X	X X X	498,755	2,009	49,065	217	88,676		8,293	634,270	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded			
1. Prior	9,714	2,627	624	90	142	33	194	25	1,275			9,174	X X X
2. 1996	1,630	887	1,355	82	24		101	6	368			2,503	X X X
3. 1997	1,502	532	2,445	125	49	10	102	7	416			3,840	X X X
4. 1998	3,334	356	2,462	170	98	2	149	27	482			5,970	X X X
5. 1999	3,178	2,437	3,315	31	132	44	221	39	682			4,977	X X X
6. 2000	11,001	7,538	3,167	90	416	12	297	15	1,547			8,773	X X X
7. 2001	10,234	3,771	4,295	270	572		443	75	1,602			13,030	X X X
8. 2002	14,952	4,222	5,982	251	910	9	677	79	2,307			20,267	X X X
9. 2003	16,721	1,640	10,694	260	1,248		1,040	103	3,104			30,804	X X X
10. 2004	27,684	5,903	20,644	711	2,108	24	1,861	185	5,726			51,200	X X X
11. 2005	35,074	3,615	47,976	1,281	3,612	53	3,458	325	11,709			96,555	X X X
12. Totals	135,024	33,528	102,959	3,361	9,311	187	8,543	886	29,218			247,093	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred / Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	7,621	1,553
2. 1996	46,338	979	45,359	53.021	19.417	55.079				2,016	487
3. 1997	46,708	766	45,942	72.207	21.143	75.237				3,290	550
4. 1998	50,634	576	50,058	82.758	18.438	86.219				5,270	700
5. 1999	64,428	2,881	61,547	86.951	81.638	87.217				4,025	952
6. 2000	95,038	9,102	85,936	102.598	246.867	96.618				6,540	2,233
7. 2001	105,250	4,393	100,857	95.347	81.127	96.081				10,488	2,542
8. 2002	113,583	4,561	109,022	83.583	48.005	86.257				16,461	3,806
9. 2003	114,693	2,003	112,690	76.126	18.105	80.724				25,515	5,289
10. 2004	129,620	6,823	122,797	82.389	70.008	83.207				41,714	9,486
11. 2005	142,526	5,274	137,252	84.309	47.711	86.870				78,154	18,401
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	201,094	45,999

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1.
 The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

SCHEDULE P-PART 2-SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	One Year	Two Year
1. Prior	134,143	111,748	102,619	86,275	72,685	63,270	52,401	37,340	51,332	56,666	5,334	19,326
2. 1996	73,771	70,005	66,138	59,422	52,329	49,421	45,439	45,331	44,020	42,021	(1,999)	(3,310)
3. 1997	X X X	63,311	61,333	59,108	52,478	47,163	45,949	43,216	42,298	41,779	(519)	(1,437)
4. 1998	X X X	X X X	66,418	61,986	57,453	50,983	47,272	44,911	44,620	45,221	601	310
5. 1999	X X X	X X X	X X X	78,551	75,281	65,525	63,046	60,729	58,582	55,216	(3,366)	(5,513)
6. 2000	X X X	X X X	X X X	X X X	101,874	89,375	83,185	80,147	78,025	76,384	(1,641)	(3,763)
7. 2001	X X X	X X X	X X X	X X X	X X X	108,721	103,202	100,032	97,887	89,039	(8,848)	(10,993)
8. 2002	X X X	X X X	X X X	X X X	X X X	X X X	109,659	105,890	102,899	94,559	(8,340)	(11,331)
9. 2003	X X X	X X X	X X X	X X X	X X X	X X X	X X X	106,888	106,294	96,010	(10,284)	(10,878)
10. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	113,292	92,957	(20,335)	X X X
11. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	111,683	X X X	X X X
12. Totals											(49,397)	(27,589)

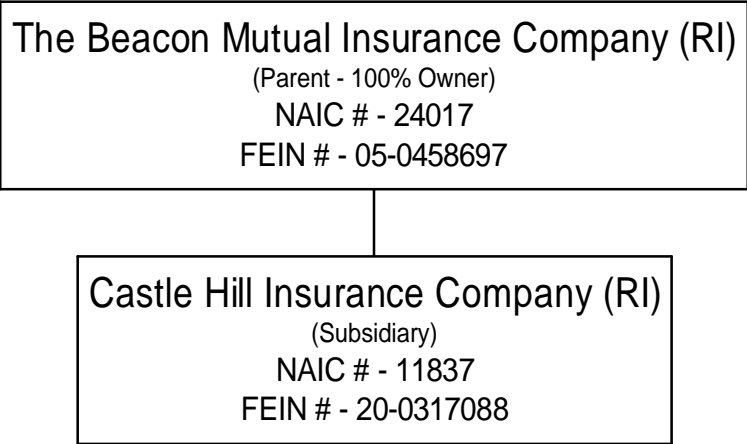
SCHEDULE P-PART 3-SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1	2	3	4	5	6	7	8	9	10		
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005		
1. Prior	000	15,627	24,465	28,993	32,842	35,432	36,679	37,471	38,065	38,764	X X X	X X X
2. 1996	10,247	22,269	28,831	33,054	35,583	37,375	38,935	39,510	39,968	39,886	X X X	X X X
3. 1997	X X X	10,945	23,864	30,345	33,877	35,757	37,419	37,839	37,986	38,355	X X X	X X X
4. 1998	X X X	X X X	10,988	23,475	30,985	35,701	38,264	38,658	39,428	39,733	X X X	X X X
5. 1999	X X X	X X X	X X X	14,266	31,419	40,795	45,411	48,519	49,645	50,923	X X X	X X X
6. 2000	X X X	X X X	X X X	X X X	19,358	42,572	56,800	63,160	66,508	69,158	X X X	X X X
7. 2001	X X X	X X X	X X X	X X X	X X X	23,611	51,522	65,603	73,318	77,611	X X X	X X X
8. 2002	X X X	X X X	X X X	X X X	X X X	X X X	25,322	53,220	67,162	76,599	X X X	X X X
9. 2003	X X X	X X X	X X X	X X X	X X X	X X X	X X X	25,772	54,508	68,310	X X X	X X X
10. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	27,779	57,483	X X X	X X X
11. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	26,837	X X X	X X X

SCHEDULE P-PART 4-SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves On Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior	96,604	69,585	55,022	37,271	24,331	16,533	7,001	7,142	5,390	703
2. 1996	45,455	34,896	26,907	18,864	10,956	6,889	4,749	4,873	3,391	1,368
3. 1997	X X X	31,055	22,052	14,972	10,598	6,145	5,207	2,860	2,420	2,415
4. 1998	X X X	X X X	37,529	25,450	17,604	10,380	6,496	4,417	3,583	2,414
5. 1999	X X X	X X X	X X X	36,136	23,595	11,492	5,501	4,524	4,741	3,466
6. 2000	X X X	X X X	X X X	X X X	44,705	24,777	13,583	8,979	5,748	3,359
7. 2001	X X X	X X X	X X X	X X X	X X X	52,534	25,114	14,831	13,905	4,393
8. 2002	X X X	X X X	X X X	X X X	X X X	X X X	48,621	26,481	14,430	6,329
9. 2003	X X X	X X X	X X X	X X X	X X X	X X X	X X X	42,458	27,358	11,371
10. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	47,210	21,609
11. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	49,828

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



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